



SEMIANNUAL REPORT TO CONGRESS
APRIL 1, 2011 – SEPTEMBER 30, 2011

NOVEMBER 2011

Federal Election Commission - Office of Inspector General
999 E Street, N.W. Suite 940, Washington, D.C. 20463



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

November 16, 2011

The Honorable John A. Boehner
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Pursuant to the *Inspector General Act of 1978*, as amended, the Federal Election Commission submits the *Office of Inspector General's Semiannual Report to Congress*. The report summarizes the activity of the FEC Office of Inspector General ("OIG") from April 1, 2011 through September 30, 2011. During this reporting period, the FEC's Inspector General commenced, with the assistance of contract auditors, the annual audit of the FEC's financial statements. The audit was completed on time and management issued the final Performance and Accountability Report on November 15, 2010. We are pleased to report that the Commission received an unqualified opinion from the Inspector General's independent auditors. We will provide additional comments on this audit in the next *Semiannual Report to Congress*.

During the semiannual period, the OIG completed, with the assistance of contract auditors, the 2010 Follow-Up Audit of Procurement and Contract Management. This follow-up audit was released in June 2011. Management's responses to the findings and recommendations are discussed in detail in that follow-up audit report.

The Commission appreciates and shares the Inspector General's commitment to sound financial and management practices, and looks forward to continuing its cooperative working relationship as management takes appropriate measures to improve operations of the Commission. Copies of the *Semiannual Report to Congress* are being provided to the Chairmen and Ranking Members of the FEC's oversight committees.

On behalf of the Commission,

A handwritten signature in blue ink, appearing to read "Cynthia L. Bauerly".

Cynthia L. Bauerly
Chair

Enclosure

MANAGEMENT REPORT ON
INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2011

	Number of Reports	Questioned Costs	Unsupported Costs
A. Reports for which no management decision has been made by commencement of the reporting period	0	0	[0]
B. Reports issued during the reporting period	0	0	[0]
Subtotals (A + B)	0	0	[0]
C. Reports for which a management decision was made during the reporting period	0	0	[0]
(i) Dollar value of disallowed costs	0	0	[0]
(ii) Dollar value of costs not disallowed	0	0	[0]
D. Reports for which no management decision has been made by the end of the reporting period	0	0	[0]
E. Reports for which no management decision was made within six months of issuance	0	0	[0]

MANAGEMENT REPORT ON
INSPECTOR GENERAL ISSUED REPORTS WITH
RECOMMENDATIONS TO PUT FUNDS TO BETTER USE
FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2011

	Number of Reports	Funds to be Put To Better Use
A. Reports for which no management decision has been made by the commencement of the reporting period	0	0
B. Reports issued during the reporting period	0	0
C. Reports for which a management decision was made during the reporting period	0	0
(i) Dollar value of recommendations that were agreed to by management	0	0
- Based on proposed management action	0	0
- Based on proposed legislative action	0	0
(ii) Dollar value of recommendations that were not agreed to by management	0	0
D. Reports for which no management decision has been made by the end of the reporting period	0	0
E. Reports for which no management decision was made within six months of issuance	0	0

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Office of Inspector General

A Message from the Inspector General

During the last six months, the Federal Election Commission Office of Inspector General conducted a peer review on the Federal Election Commission Office of Inspector General. I am happy to announce that we received a peer review rating of pass. The system of quality control which encompasses the OIG's organizational structure and policies adopted and procedures established to provide it with reasonable assurance of conforming to *Government Auditing Standards* is reviewed during the peer review process. I would like to congratulate the OIG staff who ensures that all of our work follows established policies and procedures and continues to produce significant work products that aid the Federal Election Commission in meeting its mission in an efficient and effective manner. We also conducted a peer review of the Commodity Futures Trading Commission Office of Inspector General during this reporting period. Additional information concerning these two peer reviews can be found in Appendix A of this report.

I would also like to welcome a new auditor, Shellie Purnell-Brown who joined our staff this summer. She has already proven to be an asset to the office. The staff of the OIG continues to produce quality products in every discipline. I look forward to the next six months working alongside these dedicated people.

A handwritten signature in black ink that reads "Lynne A. McFarland". The signature is written in a cursive, flowing style.

Lynne A. McFarland
Inspector General
Federal Election Commission

October 28, 2011

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EXECUTIVE SUMMARY

The *Inspector General Act of 1978*, as amended, states that the Inspector General is responsible for conducting audits, inspections, investigations, and recommending policies and procedures that promote economic, efficient, and effective use of agency resources and programs that prevent fraud, waste, abuse and mismanagement. The IG act also requires the Inspector General to keep the Commission and Congress fully and currently informed about problems and deficiencies in the Commission's operations and the need for corrective action.

This semiannual report includes the major accomplishments of the Federal Election Commission (FEC) Office of Inspector General (OIG), as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant activities of the OIG. Additional details pertaining to each activity (audits, hotline, and investigations) can be found in subsequent sections of this report.

The OIG has exercised another option year with Leon Snead & Company (LSC) to conduct the FEC's 2011 Financial Statement Audit. LSC has completed the planning phase, review and evaluation phase, and the interim testing phase of the 2011 audit. The OIG has provided continuous monitoring throughout the audit process and conducted bi-weekly status meetings with management and LSC. At the completion of the interim testing phase, the auditors have issued twelve (12) notice of findings and recommendations to management. The auditors will be completing final testing during the month of October and providing the final deliverables to the OIG with the anticipation of a final audit report being released November 14, 2011.

For detailed information pertaining to the FEC's 2011 Financial Statement Audit, see the section entitled OIG Audit Activity (starting on page 5).

The OIG also completed a follow-up audit on procurement and contract management. *The 2010 Follow-up Audit of Procurement and Contract Management – OIG-10-02* was conducted by Cherry Bekaert & Holland, LLP (CBH). The audit objectives were to determine whether management implemented the agreed upon actions for each of the fifteen (15) recommendations and whether the nine (9) findings had been fully resolved. CBH selected a sample of procurement actions to test and interviewed staff to determine if the recommendations were fully implemented. Testing revealed that only three (3) of the fifteen (15) recommendations had been fully implemented and several other recommendations were added to the follow-up audit. For detailed information regarding the 2010 Follow-up Audit of Procurement and Contract Management, see the section entitled OIG Audit Follow-up Activity (starting on page 6).

In addition to the contract audits, the OIG is in the process of conducting an inspection of the FEC's Kastle Key system. The OIG met with the Manager of the Administrative Services Division along with Kastle Key administrators to gain an understanding of the day to day business processes for managing the Kastle Key function. The OIG made requests for report data and management's policies and procedures to review the adequacy, effectiveness, and efficiency of management's overall business processes, Kastle Key data, and monitoring procedures. The OIG reviewed the documentation and conducted follow-ups via meetings and e-mails with management regarding the provided information. The OIG currently has a status meeting scheduled with management to discuss the preliminary issues identified. For detailed information pertaining to the OIG's Kastle Key Inspection, see the section entitled OIG Inspections (starting on page 7).


The evaluation process of hotline complaints are conducted by the Chief Investigator and the Deputy

Inspector General. During the semiannual reporting period, the OIG received two (2) new hotline complaints in which one (1) hotline complaint developed into an investigation. Further, one (1) hotline complaint the OIG opened prior to the current semiannual reporting period, was closed. For details regarding the FEC OIG's hotline complaints, see the section entitled OIG Hotline Information (starting on page 9).

In addition, the OIG has incorporated a new hotline system for FEC contractors and FEC employees to anonymously report fraud, waste, or abuse, *MySafeWorkPlace*. *MySafeWorkPlace* allows any FEC contractor and/or FEC employee to report fraud, waste, or abuse via telephone with a *MySafeWorkPlace* operator or a direct online submission. The complainant has the option of remaining completely anonymous or providing their contact information. This system also gives the complainant the ability to anonymously respond to follow-up questions from the OIG. For details regarding the FEC OIG's new hotline system, *MySafeWorkPlace*, see the section entitled OIG Hotline Information (starting on page 9).

Regarding OIG investigations, the OIG opened one (1) investigation during this semiannual reporting period and also closed (1) investigation. The investigation that was closed during this reporting period involved the misuse of Transit Subsidy benefits by an FEC employee. For further details regarding the OIG's investigation, see the section entitled OIG Investigations (starting on page 11).

THE FEDERAL ELECTION COMMISSION



In 1975, Congress created the Federal Election Commission to administer and enforce the *Federal Election Campaign Act* (FECA). The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information; enforce the provisions of the law; and oversee the public funding of Presidential elections.

The Commission consists of six members who are appointed by the President and confirmed by the Senate. Each member serves a six-year term, and two seats are subject to appointment every two years. By law, no more than three Commissioners can be members of the same political party, and at least four votes are required for any official Commission action. The Chairmanship of the Commission rotates among the members each year, with no member serving as Chairman more than once during his or her term. Currently the FEC has a full complement of Commissioners – Cynthia L. Bauerly, Chair; Caroline C. Hunter, Vice Chair; and Commissioners Donald F. McGahn II; Matthew S. Petersen; Steven T. Walther; and Ellen L. Weintraub.

OFFICE OF INSPECTOR GENERAL

The *Inspector General Act of 1978* (P.L. 100-504), as amended, states that the Inspector General is responsible for: 1) conducting and supervising audits and investigations relating to the Federal Election Commission's programs and operations; 2) detecting and preventing fraud, waste, and abuse of agency programs and operations while providing leadership and coordination; 3) recommending policies designed to promote economy, efficiency, and effectiveness of the establishment; and 4) keeping the Commission and Congress fully and currently informed about problems and deficiencies in FEC agency programs and operations, and the need for corrective action.

The OIG welcomed Shellie Purnell-Brown (pictured) to the OIG staff in August 2011. Mrs. Purnell-Brown is a certified public accountant with over 20 years of experience in the private sector. She has spent most of her career in internal auditing but also held various positions in finance and accounting. Shellie has a background in several industries which include telecommunications and consumer goods. The OIG's former Senior Auditor, Mrs. Irene B. Porter, resigned from the FEC OIG in March 2011 in order to assume greater responsibilities with the Federal Housing Finance Agency OIG.



Inspector General Lynne A. McFarland (left) pictured with new OIG auditor Shellie Purnell-Brown

OIG AUDIT ACTIVITY

Audit of the Federal Election Commission's Fiscal Year 2011 Financial Statements

Assignment Number: OIG – 11-01

Status: In Progress

The OIG exercised another contract option year with Leon Snead & Co. (LSC) to conduct the FEC's annual financial statement audit. The OIG and LSC held the audit entrance conference for the FEC's 2011 financial statement audit on April 27, 2011. Audit work commenced on May 16, 2011 and LSC has completed the planning phase; review and evaluation phase; and interim testing.

The OIG approved LSC's planning documents and audit program for the 2011 financial statement audit. The planning phase consisted of LSC briefing the OIG on any changes to the audit plan from the prior year, new or additional audit steps included in the audit plan, and any changes made due to new requirements and/or standards for the 2011 financial statement audit. This year, the auditors included a more detailed review of the FEC's intragovernmental receipts and reconciliations to adhere to the Department of Treasury financial management guidance. In addition, LSC also added audit testing steps to review the FEC's controls over copyright software.

During the audit review and evaluation phase, LSC followed up with management regarding the status of prior year findings and recommendations. Further, LSC reviewed FEC's compliance with applicable laws and regulations and the existence and effectiveness of internal controls. Status meetings were held bi-weekly with the auditors and FEC management to discuss audit issues and provide an update of the audit progress.

LSC also completed the interim testing phase during this semiannual period. The OIG provided assistance to the auditors in completing the new audit step of reviewing the controls over copyright software. Specifically, the OIG assisted in retrieving the proper audit documentation from management for the auditors to review. In addition, the auditors and OIG auditor met with the Chair and Vice Chair of the Commission to fulfill the requirements of *SAS 114: Communication with Those Charged with Governance*. The auditors provided the Chair and Vice Chair with an explanation of their audit role and responsibilities, an update regarding the progress of the audit, and a summary of the audit issues identified and provided to management. At the completion of the interim testing phase, the OIG reviewed LSC's interim audit workpapers.

The OIG also reviewed the notice of findings and recommendations (NFRs) prior to distribution to management by the auditors. The review and evaluation phase, and interim testing phase, identified twelve (12) audit issues that were provided to management as NFRs. The auditors will begin final testing in October 2011 and status meetings will be held weekly during the month of October. The final audit report is scheduled to be finalized and released by November 14, 2011.

OIG AUDIT FOLLOW-UP ACTIVITY

2010 Follow-Up Audit of Procurement and Contract Management

Assignment Number: OIG – 10-02

Status: Released June 2011

[http://www.fec.gov/fecig/documents/](http://www.fec.gov/fecig/documents/ProcurementandContractManagement2010.pdf)

[ProcurementandContractManagement2010.pdf](http://www.fec.gov/fecig/documents/ProcurementandContractManagement2010.pdf)

In September 2010, the OIG awarded a contract to the auditing firm of Cherry, Bekaert & Holland (CBH) LLP to conduct a follow-up audit of the OIG's 2008 *Audit of Procurement and Contract Management - OIG-08-02*. The objective of the audit follow-up review was to determine whether each of the nine (9) audit findings contained in the 2008 audit report had been fully resolved.

At the beginning of the audit, the OIG held a meeting with the CBH auditors on September 27, 2010 to discuss the general working arrangements and provide background information for the follow-up audit. A formal entrance conference with key FEC personnel responsible for procurement activities was held on October 14, 2010. After which, the CBH auditors completed the following planning steps, among others: 1) reviewed current and prior FEC procurement policies and procedures; 2) interviewed the FEC Contracting Officer on several occasions; and 3) reviewed a sample of procurement files in order to gain an understanding of current procurement processes and develop a detailed audit plan. The auditors submitted draft audit plans to the OIG and a final audit plan was approved on March 3, 2010.

The contractors then selected an audit sample and commenced detailed testing to determine whether the 2008 audit recommendations had been fully implemented.

During the testing phase, CBH reviewed:

- contract files for compliance with the Federal Acquisition Regulation; FEC procurement policies and procedures; and federal laws and regulations;
- held interviews with FEC employees who were identified as Contracting Officer Technical Representatives (COTRs) and Points of Contact (POCs) regarding their specific roles and responsibilities for FEC contracts; and
- discussed with management preliminary issues identified throughout audit testing.

The auditors finalized all audit steps and provided a draft report to management for review and comment. The final 2010 Follow-up Audit of Procurement and Contract Management report was released by the OIG on June 9, 2011. The auditors concluded that twelve (12) of the 2008 audit's fifteen (15) recommendations were still unresolved and several new recommendations were added to address new weaknesses. This audit follow-up shows that the FEC's procurement function continues to experience great risk and has made little progress since 2008 to address the findings in the initial performance audit.

OIG INSPECTIONS

Kastle Key Inspection

Assignment Number: OIG –11-02

Status: In Progress

The OIG's inspection of the Kastle key system commenced during this reporting period. Kastle is the building security system that is utilized to control physical access to the FEC building during non-working hours. This inspection is based upon the OIG's annual workplan and previous OIG audits and investigations that identified weaknesses with the Kastle key system. The purpose of this inspection is to identify any management processes or controls concerning the FEC's Kastle key system that can be improved, and provide management with recommendations to help strengthen this function.

The scope of this inspection includes a review of the internal controls over the Kastle key system and the overall process for managing Kastle keys. The inspection will include a review of program documentation and an assessment of the adequacy of policies and procedures for managing the Kastle key system. In addition, inspection testing will determine if internal controls necessary to detect and prevent unauthorized keyholders, and misuse of FEC issued Kastle keys, are operating effectively.

The OIG held an entrance conference on August 3, 2011 to provide management with an understanding of the purpose, scope, and inspection plan for the Kastle key inspection. The OIG reviewed the Kastle key policies and procedures and is in the process of completing detailed testing. As of the end of this reporting period, the OIG planned a meeting in October 2011 with the Administrative Services division manager and program staff to discuss

the status of open items and potential inspection findings.

The Kastle key inspection testing is scheduled to be completed in October 2011 and a report issued shortly thereafter. The OIG is confident this inspection will provide valuable information to the Commission and management to ensure internal controls over the FEC's Kastle key function are strengthened and effective.

Security Inspection

Assignment Number: OIG –11-03

Status: In Progress

The OIG's inspection of the FEC's building security contract commenced during this reporting period. Physical security and access control for the FEC building at 999 E Street, NW, Washington, DC, is covered by a contract (the "Contract") with a contract guard company (the "Contractor"). The purpose of this inspection is two-fold. The first purpose is to review the Contract, policies and procedures, standing orders, and guard facilities to clarify responsibilities and authorities. This goal is informational and intended to provide FEC management with a basic understanding of the responsibilities and authorities of the parties to and beneficiaries of the Contract. The second purpose is to determine compliance with selected Contract provisions, policies and procedures.

The completed inspection will encompass the Contract; relevant policies, procedures, and standing orders concerning the Contract, guards and

Contractor; types of routine and incident logs, forms and reports kept or filed by the guards or Contractor; the selection and training of guards; duties, responsibilities and authority of the guards and Contractor; lines of authority and communication, and chain-of-command, for the guards and Contractor; and the roles and responsibilities of all FEC offices and personnel and non-FEC entities concerning the guards and Contractor.

The 2011 security inspection is scheduled to be completed during the next reporting period.

OIG HOTLINE INFORMATION

The OIG hotline exists to enable FEC employees, FEC contractors, and the public to have direct and confidential contact with the OIG. The OIG hotline had until recently consisted primarily of an email address, and telephone number, which is answered during normal business hours, and utilizes voice-mail after hours and on weekends. On September 20, 2011, the OIG launched a new hotline service offered through a contractor. The new OIG hotline service allows employees and contractors to file a complaint using either a toll free telephone number that is answered by a live operator twenty-four (24) hours a day, including nights and weekends, or a web-based complaint form. The new OIG hotline service is available only for use by FEC employees and contractors. The public, as well as FEC employees and contractors, may still make a hotline complaint through the main telephone number, the OIG email account, the U.S. mail, facsimile, among other methods.

All allegations or referrals of fraud, waste, abuse, mismanagement, and misconduct involving FEC employees, contractors, programs, operations, property, or funds received through any means are termed "hotline complaints" per OIG policy. Once a hotline complaint has been received, a preliminary inquiry is conducted to determine whether the hotline complaint will be closed with no further action taken, referred to management or another agency, or an investigation by the OIG will be initiated.

The OIG considers many factors when evaluating whether to open an investigation based on a hotline complaint, and acknowledges that every hotline complaint received by the OIG cannot be investigated and in many cases do not merit investigation. OIG policy requires that hotline complaints be evaluated on certain criteria, including the merits of an allegation, the availability of evidence, and the

existing priorities, commitments, and resources of the OIG. Under this policy, hotline complaints are classified as either high or low priority complaints. High priority complaints are investigated and low priority complaints are either closed with no action or referred to the appropriate official for possible further review. Hotline evaluation decisions are made by the Chief Investigator, with concurrence from the Deputy IG.


During this semiannual reporting period, two (2) new hotline complaints were opened and one (1) hotline complaint was closed and merged into an investigative case. The OIG has two (2) open hotline complaints as of the close of this reporting period, including one (1) that was opened prior to the beginning of this reporting period.

The OIG frequently receives reports and allegations which are misdirected complaints that should have been routed to the Office of Complaints and Legal Administration within the FEC's Office of General Counsel (OGC), are outside the jurisdiction of the OIG or the FEC, or are facially unsubstantiated, meritless or invalid. For example, Section 437g of the *Federal Election Campaign Act of 1971*, as amended (FECA), sets forth strict requirements for reporting alleged violations of FECA, and FEC regulations direct that such complaints be processed through OGC; still, the OIG regularly receives complaints of alleged FECA violations, many of which are not statutorily compliant. Reviewing and, where appropriate, responding to these reports and allegations when aggregated can entail a significant amount of staff time and effort, despite the fact that they are not valid hotline complaints.

In order to capture and document these hotline contacts, the OIG has created a category for "hotline inquiries" that do not meet the criteria for hotline complaints. For this reporting period, the OIG received

approximately six thousand nine hundred and seventeen (6,917) hotline inquiries. Approximately six thousand nine hundred and ten (6,910) concerned allegations of improprieties with a Wisconsin Supreme Court election and were clearly outside the jurisdiction of the OIG. Two (2) of the hotline inquiries were referred or redirected to other FEC offices, and one (1) was referred or redirected to another agency. No further action was taken in four (4) of the hotline inquiries.

OIG INVESTIGATIONS



OIG investigations seek out facts related to allegations of wrongdoing. OIG investigations may address administrative, civil, and criminal violations of laws and regulations. The subject of an OIG investigation can be any FEC employee, an FEC contractor, consultant, or a person or entity involved in alleged wrongdoing affecting FEC programs and operations.

The OIG conducts a detailed examination or inquiry into issues deemed appropriate for investigation. At the conclusion of an OIG investigation, the OIG prepares a report that sets forth the allegations and an objective description of the facts developed during the investigation.

As of the end of the semiannual reporting period, there is one (1) open investigation, which was opened during the reporting period, and one (1) investigation was closed. The closed investigation involved allegations that an employee collected transit subsidy benefits to which the employee was not entitled through a SmarTrip account, and improperly used transit subsidy benefits to pay for parking, between September 2007 and July 2009. The investigation substantiated the allegation, and a Report of Investigation was issued to the Commission. The employee received an oral admonishment, agreed to repay \$805 in improperly collected and used transit subsidy benefits, and agreed to monitoring of the employee's SmarTrip account.


ADDITIONAL OIG ACTIVITY

Besides conducting audits, inspections, and investigations, the OIG performs, and is involved in an array of additional projects and activities. As required by the *Inspector General Act of 1978*, as amended, all legislation compiled by the Commission's Congressional Affairs office is reviewed by the Inspector General.

The Inspector General also reviews and provides comments, when appropriate, on legislation provided by the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee. In addition, the Inspector General routinely reads all Commission agenda items. Listed below is an example of the OIG's additional activity:

- During this reporting period, the OIG responded to Representative Darrell Issa's annual correspondence regarding outstanding recommendations. The OIG compiled a spreadsheet listing all outstanding recommendations and forwarded the results to Representative Issa's office. Overall, the FEC has agreed with the majority of recommendations contained in our audit reports. There is still some work to be done in ensuring the recommendations are implemented in a timely manner, but we are working with management to assist them in establishing an effective procedure that sets time frames for completion and keeps the Commission informed of their progress. The OIG's report to Representative Issa included 171 open recommendations that have yet to be implemented by the FEC. The IG's report noted that 53 of the 171 recommendations are less than six months old.

COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY (CIGIE) ACTIVITY



The Inspector General continues to be very involved in CIGIE. She is a member of the Executive Council, which is composed of the Chair, Vice Chair, the past Vice Chair of the PCIE, all Committee Chairmen, and one member appointed by the Chair. The Executive Council provides guidance on CIGIE initiated projects, the operating plans for each fiscal year, and the standing up of the CIGIE and the training academies. The Council meets monthly to discuss issues that will affect CIGIE.

The Inspector General also Co-Chairs the Inspector General Candidate Recommendation Panel with the Justice Department Inspector General. This panel is charged with making recommendations of qualified candidates to the White House and heads of various federal agencies to be considered for vacant Inspector General positions.

The Inspector General is also Vice Chair of the Professional Development Committee. This committee is charged with ensuring there is strong, relevant training for the Inspector General community and provides advice and guidance to the Executive Director of the CIGIE Training Institute.

OIG CONTACTS

The table below indicates the total amount of contacts received by the Office of Inspector General for the past six months – April 1, 2011 through September 30, 2011.

These contacts were made through various sources such as telephone calls, e-mails, faxes, U.S. mail, and personal visits to the OIG.

TOTAL CONTACTS	OIG ACTION	NO ACTION NECESSARY	FORWARDED FOR ACTION
1,906	45	1,834	27

LIST OF TRAINING, MEETINGS AND CONFERENCES

The chart listed below depicts training, meetings, programs, seminars, and/or conferences attended by the Inspector General and/or the OIG staff for the period April 1, 2011 – September 30, 2011:

MEETINGS:

HOST / SPONSOR	TOPIC / SUBJECT
Council of Inspectors General on Integrity and Efficiency	Monthly Meetings Executive Council Meetings Professional Development Committee Meetings IG Recommendations Panel
Council of Counsels to the Inspectors General	Monthly Meetings
Assistant Inspector General for Investigations	Quarterly Meetings
Association of Government Accountants	Meet the Financial Management Policy Makers (breakfast series with Congressman Issa)
Interagency Ethics Council Meeting	IEC Meeting
Financial Statement Audit Network	Monthly Meetings
Federal Election Commission	Weekly Director’s Meetings Finance Committee Meetings Administrative Liaison Group Meetings
FEC / Office of Inspector General	Bi-weekly Staff Meetings Brainstorming Session / Planning Day

TRAINING/CONFERENCES:

HOST / SPONSOR	TOPIC / SUBJECT
Association of Government Accountants	2011 Annual Professional Development Conference
National Science Foundation	Federal Audit Executive Council (FAEC) Conference
Office of Government Ethics	18th National Government Ethics Conference
American University	New Leadership Development Program (session 1 of 2)
Council of Inspectors General on Integrity and Efficiency	Introduction to Federal Auditing
	IG Authorities Training
	New IG Attorney Training
	Annual GAO / Inspectors General Conference
Association of Certified Fraud Examiners (ACFE)	ACFE Annual Conference
Management Concepts	Performance Auditing Training
Business Controls, Inc.	MySafeWorkplace Hotline Service Provider Training
USDA Graduate School	Introduction to Federal Budgeting
	Managing Multiple Priorities
Career Track	Management Skills for Support Staff
Federal Election Commission	Privacy Training
	No Fear Act Training
	Computer Security Awareness Training
	FEC System Access Refresher Training
	Invoice Tracking System Training
	WebTA Timekeepers Conference
	Directive 32 – Review of 2011 Anti- Harassment Policy
	GovDelivery Training

REPORTING REQUIREMENTS

Reporting requirements required by the *Inspector General Act of 1978*, as amended by the *Inspector General Act Amendments of 1988* are listed below:

IG ACT	DESCRIPTION	PAGE
Section 4(a)(2)	Review of Legislation	12
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(3)	Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Completed (Table III)	20
Section 5(a)(4)	Matters Referred to Prosecuting Authorities	None
Section 5(a)(5)	Summary of Instances Where Information was Refused	None
Section 5(a)(7)	Summary of Significant Reports	5
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	18
Section 5(a)(9)	Recommendations that Funds be put to Better Use (Table II)	19
Section 5(a)(10)	Summary of Audit Reports issued before the start of the Reporting Period for which no Management Decision has been made	N/A
Section 5(a)(11)	Significant revised Management Decisions	N/A
Section 5(a)(12)	Management Decisions with which the Inspector General is in Disagreement	None
Section 5(a)(14)	Peer Review Results or Last Peer Review Date	21
Section 5(a)(15)	Peer Review Performed on Another OIG	21

TABLE I

**INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS
(DOLLAR VALUE IN THOUSANDS)**

	NUMBER	QUESTIONED COSTS	UNSUPPORTED COSTS
A. For which no management decision has been made by commencement of the reporting period	0	0	0
B. Which were issued during the reporting period	0	0	0
Sub-Totals (A&B)	0	0	0
C. For which a management decision was made during the reporting period	0	0	0
(i) Dollar value of disallowed costs	0	0	0
(ii) Dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	0	0	0
E. Reports for which no management decision was made within six months of issuance	0	0	0

TABLE II

INSPECTOR GENERAL ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	NUMBER	DOLLAR VALUE (IN THOUSANDS)
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
C. For which a management decision was made during the reporting period	0	0
(i) dollar value of recommendations were agreed to by management	0	0
based on proposed management action	0	0
based on proposed legislative action	0	0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0
E. Reports for which no management decision was made within six months of issuance	0	0

TABLE III

SUMMARY OF AUDIT REPORTS WITH CORRECTIVE ACTIONS OUTSTANDING FOR MORE THAN SIX MONTHS

REPORT TITLE	REPORT NUMBER	RECOMMENDATIONS			
		ISSUE DATE	NUMBER	CLOSED	OPEN
Audit Follow-up Review of the FEC's Employee Transit Benefit Program	OIG-08-03	07/09	51	0	51
Audit of the Commission's Property Management Controls	OIG-09-02	03/10	36	0	36
Federal Election Commission ¹ 2010 Financial Statement Audit	OIG-10-01	11/10	11	0	11
2010 Follow-up Audit ² of Procurement and Contract Management	OIG-10-02	06/11	29	0	29
2010 Follow-up Audit ³ of Privacy and Data Protection	OIG-10-03	03/11	45	0	45

¹ Follow-up on the 11 open recommendations are currently in progress as part of the FEC's 2011 Financial Statement Audit.

² The 29 open recommendations include 12 of the 15 recommendations from the 2008 *Procurement and Contract Management Performance Audit*, OIG-08-02. Three recommendations were closed from the 2008 audit.

³ The 45 open recommendations include 16 of the 19 recommendations from the 2006 *Inspection Report on Personally Identifiable Information*, OIG-06-04, and 2007 *Performance Audit of Privacy and Data Protection*, OIG-07-02. In total, three recommendations were closed from the 2006 inspection and 2007 audit.

APPENDIX A: PEER REVIEW RESULTS

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Section 989C of P.L. 111-203), which amended Section 5 of the *Inspector General Act of 1978*, OIGs are required to include in their semiannual reports (SAR) to Congress the results of peer reviews of their offices, as well as outstanding and not fully implemented recommendations from peer reviews the OIG received from another OIG, and outstanding and not fully implemented recommendations the OIG made in any peer review it performed for another OIG.

An audit peer review was conducted on the FEC OIG by the Federal Maritime Commission (FMC) OIG during this reporting period. A final system review report was issued to the FEC OIG on May 5, 2011 and we received a **pass** rating and there were no weaknesses identified in the system review report that would result in recommendations for improvement. The peer review comment letter, that accompanied the system review report, did include five findings and recommendations. However, none of the findings were considered to be of sufficient significance to affect the peer review opinion expressed in the system review report. The FEC OIG has implemented the five recommendations contained in the comment letter by addressing the weaknesses in new policies and procedures contained in the OIG Audit Manual that was updated and finalized on March 31, 2011 (<http://www.fec.gov/fecig/documents/PeerReview2010.pdf>).

The FEC OIG completed an audit peer review of the Commodity Futures Trading Commission (CFTC) OIG on March 31, 2011. Our peer review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed CFTC OIG personnel and obtained an understanding of the nature of the CFTC OIG audit organization, and the design of the CFTC OIG's system of quality control sufficient to assess the risks

implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the CFTC OIG's system of quality control.

The results of our peer review of the CFTC OIG resulted in recommendations for improvement. Consistent with the requirements of Section 989C of P.L. 111-203, the FEC OIG is required to include in our semiannual report a list of any outstanding and not fully implemented recommendations by the CFTC OIG. The FEC OIG contacted the CFTC IG in October 2011 to obtain the status of the recommendations contained in the system review report (peer review report). According to the CFTC IG, all recommendations contained in the peer review report of the CFTC OIG were implemented by September 30, 2011. In accordance with the CIGIE's peer review guidelines, it is not the responsibility of the FEC OIG to verify whether the recommendations have been implemented by the CFTC OIG, and as such, the FEC OIG has not conducted any follow-up review of the CFTC OIG to verify implementation of corrective actions. (http://www.cftc.gov/ucm/groups/public/@aboutcftc/documents/file/oig_peerreview.pdf)

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APPENDIX B

Federal Election Commission
Office of Inspector General



Fiscal Year 2012
Work Plan

Lynne A. McFarland
Inspector General

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Office of Inspector General

A Message from the Inspector General

I am pleased to present to the Commission the Office of Inspector General's (OIG) fiscal year (FY) 2012 Annual Work Plan. This work plan includes a description of audit, inspections, investigative and special projects planned for the FY. This plan also sets forth the OIG's formal strategy for identifying priority issues and managing its workload and resources for FY 2012. Successful execution of this plan will enable the OIG to provide the highest quality work products to our stakeholders and to assist the FEC in meeting its strategic mission, goals and objectives.

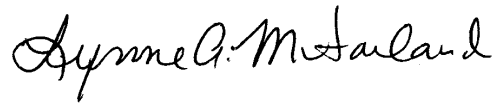
The OIG substantially completed the work planned for FY 2011 in the audit and investigative programs, as well as special projects, notwithstanding the resignation of the OIG's Senior Auditor in March 2011. Among the audits completed in FY 2011 were the FY 2010 annual financial statement audit, and two follow-up audits of procurement and privacy practices. These three audits yielded a combined total of 85 audit recommendations to improve FEC programs and operations. An audit peer review of my office was also conducted in FY 2011 and resulted in a *pass* rating, and my office also conducted a peer review of another federal OIG. Lastly, the OIG finalized a new audit manual in FY 2011.

In addition to the accomplishments in the audit program, the investigative program accomplished all of the work planned for 2011, to include responding to hotline complaints, OIG briefings to all FEC staff and the implementation of a new hotline service, among other projects. In addition to the investigative program, the OIG staff was actively involved in several professional working groups during the FY, to include the Council of the Inspectors General on Integrity and Efficiency Professional Development Committee, the Inspector General (IG) Candidate Recommendations Panel Committee, the IG Council of Counsels, among others. At the start of FY 2012, the OIG is fully staffed with six professional staff members, and therefore I anticipate the OIG will successfully complete the FY 2012 work plan that follows.

The U.S. Federal Election Commission's (FEC) mission statement is "to prevent corruption in the Federal campaign process by administering, enforcing and formulating policy with respect to Federal campaign finance statutes."¹ The OIG is committed to ensuring the integrity of FEC programs and operations. The development and continual updating of the OIG's work plan is a critical aspect of accomplishing the OIG's objectives to promote economy and efficiency in FEC

¹ Federal Election Commission, *Fiscal Year 2012 Congressional Budget Justification* (Washington, DC, February 14, 2011), 3.

programs and to detect and prevent fraud, waste and abuse. Effective work planning ensures that audit and investigative resources are used effectively and efficiently. I look forward to a successful year of providing the highest quality of audit and investigative support and service to our stakeholders.



Lynne A. McFarland
Inspector General
Federal Election Commission

October 3, 2011

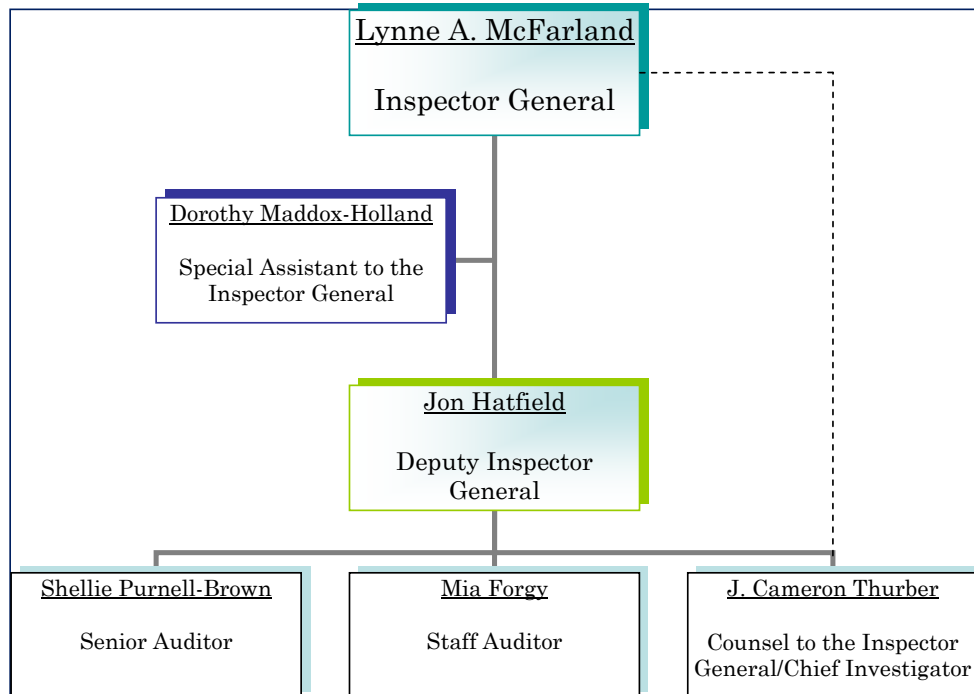
The Federal Election Commission

In 1975, Congress created the Federal Election Commission (FEC) to administer and enforce the *Federal Election Campaign Act* (FECA). The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information; enforce the provisions of the law; and oversee the public funding of Presidential elections.

The Commission is made up of six members, who are appointed by the President and confirmed by the Senate. Each member serves a six-year term, and two seats are subject to appointment every two years. By law, no more than three Commissioners can be members of the same political party, and at least four votes are required for any official Commission action. The Chairmanship of the Commission rotates among the members each year, with no member serving as Chairman more than once during his or her term. Currently the FEC has a full complement of Commissioners – Chair Cynthia L. Bauerly; Vice-Chair Caroline C. Hunter; Matthew S. Petersen; Ellen L. Weintraub; Steven T. Walther; and Donald F. McGahn, II.

Office of Inspector General

The Inspector General Act of 1978 (P.L. 100-504), as amended, states that the Inspector General is responsible for: 1) conducting and supervising audits and investigations relating to the Federal Election Commission's programs and operations; 2) detecting and preventing fraud, waste, and abuse of agency programs and operations while providing leadership and coordination; 3) recommending policies designed to promote economy, efficiency, and effectiveness of the establishment; and 4) keeping the Commission and Congress fully and currently informed about problems and deficiencies in FEC agency programs and operations, and the need for corrective action. The OIG budget request for FY 2012 was \$ 1,062,237, an amount necessary to cover salaries and related expenses for six staff members, to include audit contracts and training. Exhibit 1 on the following page contains the OIG's organizational chart.

Exhibit 1: FEC - OIG Organizational Chart***OIG Strategic Planning*****Strategic Plan**

To enhance the effectiveness of the OIG and to ensure effective audit and investigative coverage of the Commission's programs and operations, the OIG has a strategic plan that covers the period 2010 through 2015. Three major categories of OIG-wide goals and objectives are included in the strategic plan, which are as follows:

- **OIG Products:** To provide products and services that promote positive change in FEC policies, programs, and operations.
- **OIG Processes:** To develop and implement processes, policies, and procedures to ensure the most effective and appropriate use of OIG resources in support of our people and products.
- **OIG Staff:** To maintain a skilled and motivated work force in an environment that fosters accountability, communications, teamwork, and personal and professional growth.

In addition, strategies and performance measures for each objective are included in the strategic plan. For example, an OIG performance measure for audits includes using feedback from stakeholder surveys to continually improve the OIG's audit process. At the conclusion of each audit/inspection/review, the OIG distributes a stakeholder survey to the program officials to solicit their feedback on the usefulness of the completed OIG assignment and their overall satisfaction with the process.

The OIG strategic plan will continue to evolve and will be reviewed and updated as necessary to ensure maximum effectiveness in meeting the changing needs of the FEC, consistent with the OIG's statutory responsibilities. A detailed illustrative version of the OIG's strategic plan can be found as an attachment of this Annual Work Plan.

Annual Planning and Methodology Strategies

The planning methodology that we have adopted is built around the OIG staff brainstorming sessions held annually each summer, as well as soliciting and receiving feedback and ideas from stakeholders throughout the year. The annual work plans will, of course, require periodic updates to reflect changes, such as new priorities, as well as any changes in OIG resources. In the summer of 2011, the OIG conducted our fourth annual all-day brainstorming session. Similar to prior years, the ideas and suggestions generated from the 2011 brainstorming session were separated into categories to include audits, inspections, investigative program, and special projects, and then ranked (i.e., high, medium and low) according to priority.

In anticipation of the OIG annual brainstorming sessions, the OIG sends an e-mail to all FEC staff seeking input in formulating the OIG's work plans. Historically, the OIG receives useful audit suggestions from FEC staff which are then considered during the annual planning process.

The OIG planning process is designed to yield work assignments that will identify opportunities for economy, efficiency and effectiveness in FEC programs and operations; and detect and prevent fraud, waste, abuse and mismanagement. The priority for conducting work assignments is based on (1) mandatory legislative requirements; (2) emphasis by the President, Congress, and the Commission; (3) a program's susceptibility to fraud, manipulation, or other irregularities; (4) dollar magnitude or resources involved in the proposed area; (5) management needs identified through consultation with primary organization heads; (6) newness, changed conditions, or sensitivity of an organization; (7) the extent of outstanding issues resulting from prior audit coverage or review by the OIG or other oversight body; and (8) the adequacy of internal control systems in place for the program or other factors.

Based on the results of the OIG's planning process, the OIG's annual work plan is divided into three primary categories:

- (1) Audits/Inspections/Reviews;
- (2) Investigative Program; and
- (3) Special Projects.

OIG 2012 Work Plan

AUDITS/INSPECTIONS/REVIEWS

The term "audit" is used to describe work performed by auditors in examining financial statements, as well as work performed in reviewing compliance with applicable laws and regulations, the economy and efficiency of operations, and the effectiveness in achieving program results. These audits are prepared in accordance with generally accepted government auditing standards and vary in scope and complexity. Inspections and reviews are conducted in accordance with quality standards issued by the federal Inspector General community.

For fiscal year 2012, the following audit related assignments are planned:

1. Audit of the Federal Election Commission's 2011 and 2012 Financial Statements.

In accordance with the *Accountability of Tax Dollars Act of 2002*, the FEC is required to prepare annual financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*. The *Chief Financial Officers Act of 1990*, as amended, requires the FEC Inspector General, or an independent external auditor selected by the IG, to audit the agency financial statements.

We will oversee the audit conducted by the OIG's independent public accounting firm Leon Snead & Company. The OIG is responsible for 1) reviewing the auditor's approach and planning of the audit; 2) evaluating the qualifications and independence of the auditors; 3) monitoring the work of the auditors; 4) examining audit documents and reports to ensure compliance with government auditing standards, and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as revised; and 5) other procedures the OIG deems necessary to oversee the contract and audit.

*Planned period of audit: May 2011 – November 2011;
May 2012 – November 2012.*

2. Quality Control Assessment of the FEC Audit Division.

The OIG will conduct a quality control assessment audit of the FEC Audit Division. The primary objectives of the audit will be to ensure that the FEC Audit Division's quality control system is suitably designed and consistently complied with to the extent necessary to reasonably ensure compliance with audit standards and policies. For example, the audit will include a review of the Audit Division's audit workpapers and reports to ensure that auditors consistently adhere to applicable auditing standards and policies; audit conclusions are properly supported with sufficient and competent evidence; auditors are properly trained; supervisory review of audits is timely throughout the conduct of audits; and other requirements that contribute to quality audits. Consistent with professional auditing standards and best practices, external quality control assessments should be conducted on a regular schedule, generally every three to five years, to ensure effective and efficient audit practices and adherence to applicable audit standards by the audit unit.

The FEC Audit Division is responsible for conducting audits of political committees, and presidential campaigns and convention committees that accept public funds. In addition, the Audit Division is responsible for evaluating the Presidential primary candidates' applications for matching funds and determining the amount of contributions that may be matched with federal funds.

Planned period of audit: November 2011 – February 2012.

3. Audit of the Federal Election Commission's Human Resources Office.

The OIG is planning to conduct a performance audit of the FEC's Human Resources (HR) Office during fiscal year (FY) 2012. The HR Office is a critical component of the agency and is responsible for several important functions, to include recruitment and retention of qualified staff; employee-employer relations; administration of employee benefits; maintenance and processing of personnel records; training; among other responsibilities. The Office of Personnel Management (OPM) conducted a Human Capital Management Evaluation of the FEC in 2009 and reported numerous weaknesses and deficiencies. The purpose of the OIG's audit will be to follow-up on the weaknesses identified by OPM to ensure appropriate corrective action has been taken by the FEC; and also focus on additional high-risk areas not covered by the 2009 OPM evaluation.

Planned period of audit: March – June 2012.

4. On-Going Audit Follow-up.

An important responsibility of the OIG is to follow-up on previously issued audit reports with outstanding audit recommendations. At the beginning of FY 2012, there were 130 outstanding audit recommendations representing four OIG audits. On-going audit follow-up during FY 2012 will consist of the following responsibilities: (1) review implemented audit recommendations to ensure the audit finding has been resolved; (2) review and comment on management's corrective action plans that detail plans for resolving outstanding audit recommendations; and (3) conduct regular meetings throughout the FY with management to discuss progress to implement audit recommendations.

Planned period of audit followup: On-going throughout FY 2012.

5. Limited Scope Inspections.

The OIG is planning to conduct four limited scope, or short-term, inspections of FEC programs during FY 2012. The goal of the short-term inspections will be to focus OIG resources on high-risk areas and provide rapid, up-to-date information to FEC management and the Commission on the efficiency and effectiveness of FEC programs. Two inspections started in FY 2011 on building security and internal controls over Kastle Keys will be completed in early FY 2012. In addition to these two inspections, an additional four inspections are planned for FY 2012.

Planned period of inspections: FY 2012.

6. Additional Work Assignments.

Additional work assignments may be undertaken during FY 2012 based on available OIG resources, benefit to the agency, and other relevant factors. Priorities may be adjusted to reflect emerging issues during the FY.

INVESTIGATIVE PROGRAM

The OIG's investigative program is intended to add value to the agency's programs and operations by identifying and investigating allegations of fraud, waste, abuse and misconduct leading to criminal, civil, and administrative penalties and recoveries. Investigations typically originate as hotline complaints and may result in formal investigations if the OIG believes an investigation is warranted. The OIG's investigative program also provides for initiatives designed to monitor specific high-risk areas within FEC programs and operations in order to proactively identify vulnerabilities in order to prevent fraud, waste and abuse.

For fiscal year 2012, the following investigative assignments are planned:

1. Manage Hotline Complaints and Investigation Caseload.

The OIG will respond to hotline complaints during the FY and report in a timely manner to the appropriate officials on the resolution of hotline complaints and investigations.

2. Proactive Investigative Initiatives.

The OIG will initiate proactive reviews involving high-dollar and high-risk programs and operations of the agency. In addition, the OIG has identified several agency data systems, such as financial related systems, and is pursuing direct read-access for OIG personnel as part of the OIG's proactive initiatives to prevent fraud, waste, abuse and misconduct.

3. Investigative Peer Reviews.

The OIG will conduct an investigative peer review of another federal OIG in FY 2012. The objective of the peer review is to determine whether internal control systems are in place and operating effectively to provide reasonable assurance that professional investigative standards are being followed. Specifically, the FEC OIG peer review team will analyze existing policies and procedures, conduct interviews with selected OIG management officials and the investigative staff, and sample closed investigative files and other administrative records, as warranted.

Planned period of peer review: January – March 2012.

In addition to a peer review of another OIG, the FEC OIG will participate in the Council of Inspectors General on Integrity and Efficiency voluntary peer review program for smaller OIGs, and the FEC OIG will be peer reviewed during FY 2012.

Planned period of peer review: April – June 2012.

4. Outreach.

In FY 2011, the OIG conducted a series of OIG briefings with FEC division management and staff. The briefings were intended to educate FEC staff about the mission and authority of the OIG, and how to report fraud, waste, abuse or mismanagement to the OIG. In FY 2012, the OIG will continue our outreach program and conduct fraud briefings. The fraud briefings will provide information on the potential for fraud in FEC programs, such as travel, workers compensation, time and attendance, and government charge card activity. Discussion and education on fraud will help employees to identify and report suspected fraud and help reduce the number of fraud cases. The briefings will also discuss the OIG's new hotline service launched in late fiscal year 2011.

In addition, the OIG will continue the new employee orientation program to meet with all new employees to discuss the purpose and mission of the OIG. Lastly, the OIG will review and revise, as necessary, the OIG's FECNet (intranet) site, public Web site, OIG brochure, fraud poster, and other outreach initiatives.

SPECIAL PROJECTS

In addition to the OIG's audit and investigative responsibilities, the OIG will be responsible for numerous additional projects and activities during FY 2012. For example, as required by the *Inspector General Act of 1978*, as amended, all legislation compiled by the Commission's Congressional Affairs Office is reviewed by the Inspector General. The Inspector General and staff also participate in several federal Inspectors General community working groups on topics related to law, audits, and investigations. All of these activities contribute to the success and mission of the OIG. Additional special projects will arise throughout the FY and the OIG will prioritize our workload to respond to the additional requirements.

For fiscal year 2012, the following are examples of the special projects and activities planned by the OIG:

1. Participate and Attend Professional Working Group and Other Meetings.

The Inspector General or OIG staff will regularly attend the following Council of the Inspectors General on Integrity and Efficiency (CIGIE) professional working group meetings: CIGIE; Executive Council of CIGIE; CIGIE Professional Development Committee; IG Candidate Recommendations Panel Committee; IG Council of Counsels; Assistant Inspector General for Investigations; Federal Audit Executive Council; and Financial Statement Audit Network Group.

In addition to CIGIE professional working group meetings, the Inspector General or staff will regularly attend FEC weekly senior level meetings, and quarterly management and FEC town-hall meetings during the FY.

2. Semiannual and Quarterly Reporting.

In accordance with the *Inspector General Act of 1978*, as amended, the OIG will prepare and transmit to the Congress semiannual reports on the activities of the OIG. Semiannual reports summarize OIG activities during the immediately preceding six-month periods ending March 31st and September 30th of each year. OIG semiannual reports are also provided to the Commission. The OIG will also report on a quarterly basis to the Commission on the activities of the office.

3. Professional Development and Training.

The goal of the OIG's training program is to provide cost effective training to increase professional knowledge and proficiency, and ensure staff meet continuing professional educational requirements. As a result, the OIG staff will attend professional training and conferences during the fiscal year to maintain and improve their knowledge, skills and abilities.

FEC / OIG Strategic Plan - Fiscal Years 2010 - 2015

OIG Products: *To provide products and services that promote positive change in FEC policies, programs, and operations.*

Objective A: Deliver timely, high-quality products and services that promote positive change.

Strategy:

- establish common OIG standards for communicating results;
- conduct quality assurance programs;
- solicit appropriate internal and external review and comment;
- comply with applicable statutory guidelines and standards;
- set realistic and appropriate milestones.

Objective B: Address priority issues and concerns of the Commission, Management, and Congress.

Strategy: Perform work that supports;

- Federal Election Commission and Congressional priorities;
- Strategic Management Initiative efforts;

Focus OIG attention in the following areas of emphasis:

- managing change;
- resource allocation in relation to policy objectives;
- delivery of client service;
- causes of fraud and inefficiency; and,
- automation and communication.

Objective C: Follow-up and evaluate results of OIG products and services to assess their effectiveness in promoting positive change.

Strategy:

- Identify, as appropriate, lessons learned to improve timeliness and quality; and,
- conduct follow-up reviews to determine if intended results have been achieved.

Objective D: Satisfy customers, consistent with the independent nature of the OIG.

Strategy:

- establish professional communication and interaction with customers to promote the open exchange of ideas;
- incorporate customer feedback, as appropriate; and,
- be open to customer-generated solutions and options.

Performance Measures: Determine the timeliness and quality of products and services; their effectiveness in promoting positive change; and, reach agreement with management on at least 90% of recommendations within six months of the report issue date.

OIG Process: *To develop and implement processes, policies, and procedures to ensure the most effective and appropriate use of OIG resources in support of our people and products.*

Objective A: Maintain a dynamic strategic planning process.

Strategy:

- periodically review and update the strategic plan to address changing OIG and FEC priorities; and,
- identify factors that influence organizational change and develop short and long term plans to address them.

Objective B: Plan and conduct cost-effective work that address critical issues and results in positive change.

Strategy:

- solicit FEC and Congressional input in planning OIG activities;
- develop internal planning mechanisms to support FEC goals and priorities;
- ensure that priorities of IG are effectively communicated; and,
- identify specific targets for OIG review that are the most cost-effective

Objective C: Identify customer needs and provide products and services to meet them.

Strategy:

- establish new customer feed back mechanisms;
- consider and evaluate customers feedback when planning and developing products and services;
- respond to Congressional inquires and request for briefing and testimony;
- promote open exchange of ideas and information through outreach and through use of e-mail; and,
- receive, evaluate, and respond, as appropriate, to information received through the OIG hotline and other sources.

Objective D: Implement efficient, effective, and consistent resolution and follow-up procedures.

Strategy:

- ensure that IG follow-up procedures are followed and that management is aware of their role in the process;
- establish common OIG standards for terminology, date maintenance and communications.

Objective E: Establish a positive and productive working environment.

Strategy:

- reengineer or streamline OIG procedures to achieve the most effective use of resources; and,
- ensure that necessary technologies, evolving and otherwise, are made available to staff as needed.

Performance Measures: An annual audit plan is issued; strategic plan is periodically reviewed; and, necessary technology is provided to staff to enable them to most efficiently perform their duties.

OIG Staff: *To maintain a skilled and motivated work force in an environment that fosters accountability, communications, teamwork, and personal and professional growth.*

Objective A: Attract and retain well-qualified, diverse and motivated employees.

Strategy:

- develop and implement a comprehensive recruiting program that attracts a broad population with the knowledge, skills, abilities, and expertise necessary to make meaningful contributions to the OIG;
- assess employee satisfaction and develop strategies to address employee concerns;
- identify reasons for staff departures and develop plans to foster greater staff retention; and,
- adhere to EEO principles and strive to maintain a diverse work force.

Objective B: Provide training and developmental opportunities to employees.

Strategy:

- assess training needs in relation not only to employee but also office needs as well;
- ensure that Government Auditing Standards in relation to training are adhered to; and,
- maintain a reporting system to ensure that educational requirements are met.

Objective C: Assess, recognize, and reward, when possible, performance that contributes to achieving the OIG mission.

Strategy:

- develop and articulate expectations for each employee's performance, including contributions in meeting the mission & goals of the OIG; and,
- ensure that rewards, when possible, are given in recognition of exceptional employee performance.

Objective D: Create and maintain a working environment that promotes teamwork and effective communication.

Strategy:

- ensure that communication between employees is open;
- provide employees with the tools and incentives they need to adequately perform their duties.

Performance Measures: All employees meet the training requirements; all employees have performance standards; and all employees meet the basic requirements for the position in which they were hired to perform.

Federal Election Commission Office of Inspector General



Fraud Hotline 202-694-1015

or toll free at 1-800-424-9530 (press 0; then dial 1015)

Fax us at 202-501-8134 or e-mail us at oig@fec.gov

Visit or write to us at 999 E Street, N.W., Suite 940, Washington DC 20463

Individuals including FEC and FEC contractor employees are encouraged to alert the OIG to fraud, waste, abuse, and mismanagement of agency programs and operations. Individuals who contact the OIG can remain anonymous. However, persons who report allegations are encouraged to provide their contact information in the event additional questions arise as the OIG evaluates the allegations. Allegations with limited details or merit may be held in abeyance until further specific details are reported or obtained. Pursuant to the Inspector General Act of 1978, as amended, the Inspector General will not disclose the identity of an individual who provides information without the consent of that individual, unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation. To learn more about the OIG, visit our Website at: <http://www.fec.gov/fecig/fecig.shtml>

Together we can make a difference.